



# REVIEWING FINANCES with Your Aging Parents

by Daniel B. Purtell

You are used to getting advice from your parents, not giving advice to them. Offering advice regarding your parents' finances can be awkward and challenging to say the least. But there comes a time when children should offer that advice in order to safeguard their parents' incomes and assets.

## WHY IS THIS IMPORTANT?

- Your parents may have substantial assets that they have not disclosed to you.
- As your parents age, they may become susceptible to unsound investment advice and poor spending decisions.
- Your parents may have no estate plan or method for protecting their assets in the event of a disability.

There are a number of reasons why parents and children don't have a discussion about finances, most of them involving fear: fear of losing control, fear of disability and death, fear of creating family conflict, and the fear of making difficult decisions.

However, your involvement can go a long way toward protecting their assets for themselves and their beneficiaries.

## HOW DO YOU GO ABOUT HAVING THIS DISCUSSION?

- Be proactive. Having the discussion before a crisis strikes can be most beneficial. It allows the conversation to take place in a low-stress environment where all involved can be thoughtfully engaged.
- Do not bully. Telling your parents that you will be taking over their finances will not lead to a good result. Use discretion, but tell your parents that the overriding goal is awareness—being aware of what your parents have so that in the event of a sudden death or disability, you can be in a good position to address the challenging issues that arise as a result.
- Involve others. Do not be afraid to involve your siblings in this discussion. This can send a

message that the concerns are shared throughout the family and are motivated by the desire to protect mom and dad, not to take advantage of them. They may also have trusted advisors, such as attorneys, accountants, or financial planners. Do not be afraid to invite their involvement as well.

## DURING THE DISCUSSION, WHAT TOPICS SHOULD BE COVERED?

- Estate Planning. Do your parents have a will or a living trust? What about powers of attorney for finances and health care? If your parents do not have these documents, or if they have not been reviewed for many years, urge them to work with a qualified estate planning attorney to make sure their plan is current.
- Income. How much money do your parents receive and from where? If they receive pensions and/or social security, find out how these benefits will be affected should one of them pass away.

Also find out what benefits may be available to the next generation.

- **Assets.** Get a list of bank accounts, investment accounts, retirement accounts, real estate, and life insurance. When mom and dad pass away, it is normally children that have the responsibility of finding and collecting all of this information, so collecting it in advance can save time and money later on.
- **Important Documents.** Do your parents have a safe or a safety deposit box? If so, where is it located and how does someone gain access to it? What documents and valuables are inside? In the case of a sudden death or disability, trying to locate necessary documents can be highly stressful and can lead to unnecessary delays in the decision-making process.

- **Insurance.** Do your parents have medical, life, or long-term care insurance? If so, what is covered and under what circumstances? You will want to know all of this not only to be aware of what is covered but also to make sure that any necessary premium payments are made so there is not a lapse in coverage.

Talking with aging parents about their finances is not only a good idea, it is a child's responsibility—similar to the responsibility your parents had for you when you were young. There is no doubt that this discussion can be uncomfortable. However, think back to all of the uncomfortable subjects your parents had to cover with you over the years.

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Photograph submitted by Daniel B. Purtell



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